

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SEC-01 L-03 SS-15 EUR-12 SCA-01 CIAE-00

INR-07 NSAE-00 NSC-05 JUSE-00 H-02 MC-02 TRSE-00 /059 W  
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R 172312Z FEB 76

FM AMEMBASSY SAN JOSE  
TO SECSTATE WASHDC 2901

C O N F I D E N T I A L SAN JOSE 0813

E.O. 11652: GDS

TAGS: PFOR, PGOV, CS, EFIN

SUBJECT: VESCO CASE: SEC REQUEST

REF: STATE 296913

1. BEGIN SUMMARY: AN EMBASSY CHECK ON THE RUMORS REPORTED REFTEL DID NOT PRODUCE ANY CONFIRMATION OF THE INFORMATION. HOWEVER, INFORMATION IS PROVIDED ABOUT ONE ENRIQUE CARRERAS, CLOSELY TIED WITH JOSE FIGUERES, AND ABOUT ARMERIA S.A., WHICH SEEMS TO BE A PAPER COMPANY AT THIS POINT. END SUMMARY.

2. IN RESPONSE TO RUMORS REFTEL, THE EMBASSY HAS NOT BEEN ABLE TO OBTAIN ANY INFORMATION THAT WOULD INDICATE THAT A MR. CARARAS (BELIEVED TO BE ENRIQUE CARRERAS) HAS BEEN ATTEMPTING TO SELL \$50 MILLION WORTH OF CERTIFICATES OF DEPOSIT OF THE CHASE MANHATTAN BANK. WE HAVE DISCUSSED THE POSSIBILITY WITH CONTACTS IN THE CHASE MANHATTAN BANK HERE. THEY DO NOT BELIEVE THAT ANY SUCH CERTIFICATES OF DEPOSIT ARE TRADED IN COSTA RICA, NOR ARE THEY FAMILIAR WITH ANY SUCH INSTRUMENTS ISSUED BY THE LONDON BRANCH. THEY STATE THAT THE CHASE MANHATTAN BANK IN NEW YORK DOES ISSUE SIX-YEAR VARIABLE RATE CERTIFICATES OF DEPOSIT WITH YIELD LINKED TO THE TREASURY BILL RATE. AS THESE CERTIFICATES ARE REDEEMABLE AFTER ONE YEAR, IT IS DIFFICULT TO SEE WHAT INTEREST A VESCO AGENT MIGHT HAVE IN SELLING THEM RATHER THAN REDEEMING THEM. IN  
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ANY CASE, IT SEEMS INCONCEIVABLE THAT ANYONE COULD THINK OF MARKETING \$50 MILLION OWRTH OF A SINGLE

FINANCIAL INSTRUMENT IN COSTA RICA.

3. ENRIQUE CARRERAS IS CLOSELY LINKED TO EX-PRESIDENT FIGUERES. CARRERAS IS LISTED IN THE MERCANTILE REGISTER AS INDUSTRIAL VICE PRESIDENT OF THREE FIRMS BELONGING TO FIGUERES: LA LUCHA, S.A.; UNION DE COMPANIAS CENTRO-AMERICANAS, S.A.; AND SOCIEDAD AGRICOLA INDUSTRIAL SAN CRISTOBAL, S.A. HE IS BELIEVED TO BE ASSOCIATED WITH THREE OTHER RELATED COMPANIES: SCALA, S.A.; SANMAR, S.A., AND NATURAL AND SYNTHETIC FIBERS INC. OF PANAMA. THE CARRERAS/FIGUERES RELATIONSHIP IS MORE THAN JUST A BUSINESS ONE; THERE ARE DEEP PERSONAL TIES. CARRERAS WAS A WARD OF FIGUERES' FROM YOUNG BOYHOOD (FOLLOWING THE DEATH OF CARRERAS' FATHER).

4. WITH REGARD TO RUMORS OF POSSIBLE PLANS TO MANUFACTURE WERBELL INGRAM MACHINE GUN IN COSTA RICA, NO DEFINITIVE INFORMATION IS AVAILABLE HERE. THE EMBASSY HAS HEARD RUMORS LOCALLY THAT VESCO'S SECURITY FORCES ARE ESTABLISHING SOME KIND OF NEW FACILITY HAVING TO DO WITH GUNS. IT IS SAID THAT THE FACILITY WOULD BE USED FOR FIRING AND TRAINING AND TESTING BUT THE POSSIBILITY COULD NOT BE RULED OUT THAT SUCH A FACILITY MIGHT ALSO BE USED FOR MANUFACTURE OF WEAPONS. THE INSTALLATION THAT FIGURES IN THESE RUMORS IN COSTA RICA IS CALLED ARMERIA COSTA RICA, S.A. (IN ENGLISH, COSTA RICA GUN SHOP, S.A.). IT IS LOCATED OFF THE ROAD TO SAN PEDRO 25 METERS SOUTH OF A SHOP CALLED BOTICA PRIMAVERA. THE PHONE NUMBER IS 23-00-39. THE COMMERCIAL REGISTER SHOWS THAT ARMERIA COSTA RICA, S.A. WAS ESTABLISHED MAY 10, 1974, WITH A CAPITAL OF 10,000 COLONES, CONSISTING OF 10 SHARES OF COLONES 1,000 EACH. ITS PRESIDENT, MARIO VARGAS LUNA, WHO OWNS 9 SHARES, IS ALSO THE PRESIDENT OF SECURITAS, S.A.. OTHER OFFICERS OF THE ARMERIA COSTA RICA, S.A. ARE BILL VILLALTA MONGE, VICE PRESIDENT (WHO OWNS ONE SHARE), AND JUAN JOSE ARROYO VALVERDE, TREASURER. THE OBJECT OF THE CORPORATION IS "TO IMPORT, EXPORT, AND SELL GUNS AND ACCESSOIRES." THE FIRM'S  
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ATTORNEY IS JAIME DAREMBLUM WHO REPRESENTS VARIOUS VESCO ENTERPRISES HERE. A CLOSE LOOK AT THE ADDRESS FOR THE ARMERIA, S.A. INDICATED THAT IT IS CLOSE TO SOME OF FIGUERES' OFFICES. HOWEVER, IT IS A HOUSE WHICH SHOWS NO SIGNS OF ANY ECONOMIC ACTIVITY; LOCAL SOURCE REPORTS THAT THE HOUSE APPEARS TO BE RENTED BY ROBERT VESCO.

5. SECURITAS, S.A. IS ROBERT VESCO'S SECURITY FORCE. MR. VILLALTA, FORMERLY A CHAUFFEUR FOR EX-PRESIDENT

FIGUERES, IS KNOWN TO BE A MEMBER OF VESCO'S  
SECURITY FORCE, AS IS MR. VARGAS, A FORMER D.I.C.  
DETECTIVE.

6. EMBASSY ASSUMES THAT A U.S. COMPANY SUCH AS THE  
MILITARY ARMAMENT CORPORATION COULD NOT LICENSE VESCO  
TO MANUFACTURE A MACHINE GUN IN COSTA RICA WITHOUT  
GETTING APPROPRIATE APPROVALS FROM THE UNITED STATES  
GOVERNMENT. EMBASSY SUGGESTS, THEREFORE, THAT THE RUMOR  
BE CHECKED OUT WITH MUNITIONS CONTROL AUTHORITIES.  
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